

ECONOMIC DEVELOPMENT

DEPARTMENT MISSION STATEMENT:

To enhance the economic vitality of the community through result oriented policies and programming.

The purpose of the Economic Development Department is to provide the means for all Fresno citizens to continually increase their standard of living. Successful business development requires the building and maintenance of several key economic foundations, including availability of a skilled labor force, access to capital, adaptable technology and research, a modern infrastructure, competitive tax and regulatory policies, and an attractive quality of life.

The Department is the primary and lead agency in the implementation and coordination of economic development policies and programming for the City of Fresno. The Department began providing project management service in February 2004 to improve customer service through support job development, as well as foster teamwork between City departments and outside agencies. Large projects with high job impact are shepherded through the permitting process. To date, four projects that will generate more than 200 jobs in Fresno are under management.

The Department's result-oriented programming and projects focus on five key elements of economic vitality:

- Retention and Expansion of Existing Business
- New Business Attraction
- Project Tracking and Coordination
- Management of Incentive Zones
- Department and Database Management

KEY RESULT AREAS:

Key Result Area: Economic Development

Goal: The City creates 20,000 net new jobs in keeping with the Regional Jobs Initiative (RJI) not later than December 31, 2008.

The Department has instituted a job development goal of 1,400 jobs for FY 2005. In addition, the Department will help save another 500 jobs by providing direct and indirect assistance to existing Fresno businesses. The Department will address job development with strategies that focus on job retention, expansion of existing Fresno firms, assistance for "start up" firms, and attraction of new firms to Fresno. Specifically, the Department will identify industry groups consistent with the RJI that represent targets of highest opportunity, as well as develop and implement a marketing and target accessing plan to recruit identified firms. To support this initiative, staff will work to fine tune "strike teams" to respond to specific business clusters.

The Department will assist firms with access to capital and incentive utilization by operating as a "one stop shop" for project coordination by identifying and providing "start-up" firms with information and guidance. This initiative also provides hands on assistance with expansion, location, and relocation of existing Fresno businesses.

Resources: Included in appropriations - \$390,700

Goal: Fresno is the corporate headquarters for 25 Fortune 1,000 companies not later than December 31, 2008.

During FY 2005, the Department will attack this multi-year project by identifying corporations that meet Fresno criteria by preparing in-depth analysis of corporate needs, and matching them with Fresno assets. The results of this study will be used to prepare packaging and direct marketing materials. The final phase will be to implement a fully integrated, intensive contact management system that utilizes the best assets of the Department, Fresno Redevelopment Agency (RDA), and Fresno County Economic Development Corporation (FEDC).

Resources: Included in appropriations - \$236,800

Goal: Fresno attracts not less than \$10 billion in capital investment not later than December 31, 2008.

During FY 2005, the Department will focus on implementing key projects such as: Forest City, Fancher Creek, Roeding Business Park, South Fresno Industrial Area, Chinatown, as well as establishing Fresno as the newest West Coast air cargo and logistics hub for the Pacific Rim.

Resources: Included in appropriations - \$290,000

Goal: The City's retention of capital rate to exceed the State average by December 31, 2008.

During FY 2005, the Department will focus on research and the establishment of a capital retention rate for Fresno to be benchmarked with the State. This will involve contact with financial institutions, and the establishment of a "Fresno Understanding" for reinvestment in Fresno. Another part of this process is identification of business units with high capital retention (i.e., firms that bring revenue into Fresno economy). The Department will also aggressively follow up on the Community Reinvestment Act (CRA) requirements.

Resources: Included in appropriations - \$106,500

Goal: Fresno shall have 4,500 acres of industrial park built out or turn key available by December 31, 2008.

During FY 2005, the Department will focus on prioritizing industrial park development areas based on: completeness of infrastructure, ingress and egress to area, as well as availability and ease of assembly of land for development. This focus will involve reviewing existing documentation, specific plans, projects in progress, and the City's 2025 General Plan to establish status of prioritized areas. The Department will also finalize infrastructure requirements and funding sources in cooperation with the Public Works and the Planning and Development Departments.

The Department will also assemble a schedule for land acquisition and parcelization, as per "master plan" where needed. The final part of this goal will be to develop comprehensive and cooperative marketing packages for each developable area that will include land owners, real estate developers, the RDA, and the FEDC.

Resources: Included in appropriations - \$159,900

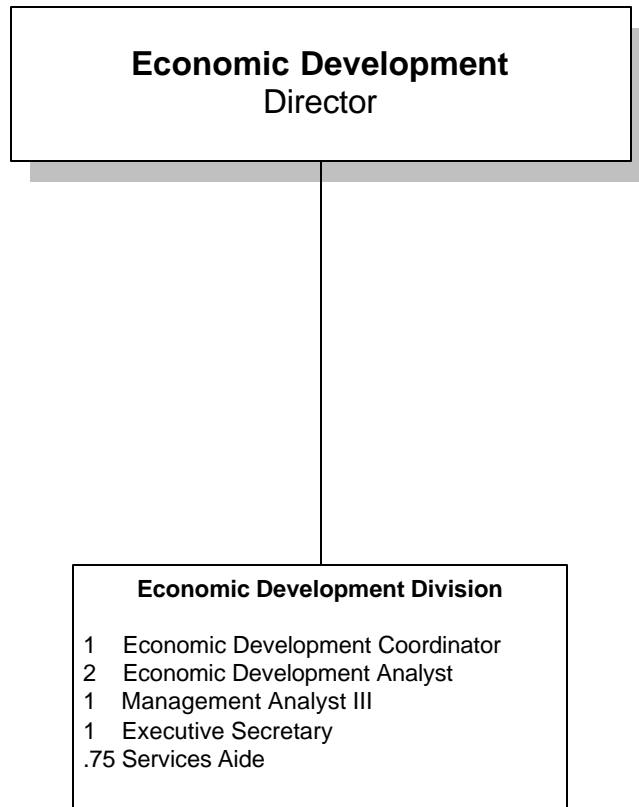
Key Result Area: General Plan

Goal: Fresno recognized among top ten cities for livability by 2010.

The Department will focus its efforts on coordinating the various elements within each Department which enhances the livability of the City.

Resources: Within existing appropriations.

ORGANIZATION CHART - FY 2005



6.00 Permanent Full-Time Equivalent Positions
0.75 Temporary Part-Time Equivalent Positions
6.75 Authorized Positions

AUTHORIZED POSITIONS SUMMARY

DIVISION	FY 2003	FY 2004	FY 2005
Economic Development Division	6.50	6.75	6.75
TOTAL	6.50	6.75	6.75

DEPARTMENT FUNDING BY SOURCE

Fund	FY 2002 Actuals	FY 2003 Actuals	FY 2004 Amended	FY 2005 Adopted
Enterprise Zone Fund	\$ 571,400	\$ 592,900	\$ 416,000	\$ 703,800
General Fund	292,000	638,000	747,900	776,500
TOTAL \$	863,400	1,230,900	1,163,900	1,480,300

DEPARTMENT SUMMARY APPROPRIATIONS

Fund	FY 2002 Actuals	FY 2003 Actuals	FY 2004 Amended	FY 2005 Adopted
Economic Development	\$ 373,700	\$ 874,800	\$ 1,157,000	\$ 1,183,900
TOTAL \$	373,700	874,800	1,157,000	1,183,900

BUDGET COMMENTS

- **Interdepartmental charges:** The Department's adopted budget for FY 2005 fully funds increases in interdepartmental (ID) charges and workers' compensation insurance.
- **Economic Development:** The Department will be exploring ways to enhance economic development through re-zoning efforts by working with the Planning and Development Department and the RDA.

ACCOMPLISHMENTS:

During FY 2004, the Economic Development Department assisted directly and indirectly in the development of approximately 650 jobs for the citizens of Fresno.

- Fresno placed in the top ten in several surveys directly related to economic development. In March 2004, *Inc. Magazine* rated Fresno first in California and fourth nationwide among medium size cities in economic vitality for entrepreneurs. For job growth, Fresno was rated second in California and eighth nationwide.
- Launched the Hometown Entrepreneur Loan Program (HELP Loan) to provide \$1 million of new capital to businesses not otherwise available to start or expand their small business. Recognizing that 80 percent of new jobs are created by the expansion of existing small businesses, the HELP program provided the capital local companies needed to grow and create jobs in Fresno.
- To help job seekers obtain employment, the Department teamed with six job employment partners to conduct two "Steps to Success" workshops for an estimated 300 unemployed or underemployed people. The Department teamed with the same partners to conduct two job fairs, assisting another 300 job seekers. These events were specifically targeted at Empowerment Zone residents. In total, approximately 80 applicants obtained employment as a result of these events.
- To help businesses to expand and create jobs, the Department processed 2,400 Enterprise Zone Tax Vouchers. The City's Enterprise Zone generated jobs for more than 300 Fresno citizens, and approximately \$30 million in state tax savings to businesses located within its boundaries.
- Obtained approval to add more than 100 acres to the State Enterprise Zone, thereby making it possible for 27 new businesses to expand and create jobs through the use of Enterprise Zone incentives, and retain approximately 30 jobs.

ISSUES:

- **Revenue Risks:** The uncertainty of repayment from a maturing loan in the amount of \$540,200 puts a major revenue stream for the Department at risk. This payment accounts for approximately 20.5 percent (\$243,400) of the Department's budget for FY 2005, and \$296,800 of carryover funding to FY 2006.

The Enterprise Zone will cease to exist after 2006, taking with it the \$100,000 Business License Tax annual revenue stream.

- **Response Time:** Due to staff limitations and shifts in Department initiatives related to job development and retention, response time for routine and non-routine information inquiries will be adversely affected.
- **Marketing Challenges:** The continued media attention and the perception that California's economy is worse than it actually is, coupled with high utility and workers' compensation costs, continue to make it very difficult to market any city in California as an excellent place to do business.

- **Infrastructure:** The absence of completed, ready to use buildings, and infrastructure-ready land for commercial and industrial users is a significant ongoing challenge. Though the Department is working with the Public Works and the Planning and Development Departments, as well as the RDA to develop an inventory of available sites, the lack of a complete “shovel-ready” business/industrial park eliminates Fresno from consideration by many business relocation firms.
- **Skilled Workforce:** Fresno lacks a sufficient pool of workers possessing the education and training needed to attract and retain business from a broad spectrum of industries.
- **Vision 2010:** A blueprint with time lines and incremental goals is needed to permit the implementation of Vision 2010, and the accompanying need for a full range of housing options that is required to sustain related retail development.

UNMET NEEDS:

- **Staffing:** In order for the Department to cover a wider service area with increased market penetration, a Staff Assistant and an additional Economic Development Analyst are needed. The additional Analyst position will allow the Department to meet with more businesses, and be more proactive in business attraction and retention. The Staff Assistant position would primarily work to coordinate the Department's new Project Management activities. The Department has estimated that the addition of these two positions will result in generating an additional 600 jobs annually.
Cost: First Year = \$ 89,800
Ongoing = \$110,300
- **Travel and Mileage:** Increased travel & mileage appropriations are needed to support the Department's goal of having two positions out in the field full-time meeting with businesses and conducting informational seminars.
Cost: \$5,000
- **Targeted Marketing:** In an effort to obtain high quality, targeted leads pertaining to businesses that are looking to relocate to the area, or existing businesses that may be leaving the area, proprietary leads will need to be purchased from a outside vendor.
Cost: \$19,000

SERVICE IMPACTS:

- **Contract Services:** The Fresno Economic Development Corporation (FEDC) annual payment of \$300,000 has been reallocated and placed in operations as the Department assumes the continuation of contract services with FEDC. For FY 2005, \$180,000 will go to FEDC, with the remaining \$120,000 to be used by the Department for job creation activities related to the Regional Jobs Initiative (RJI).
Cost: \$300,000